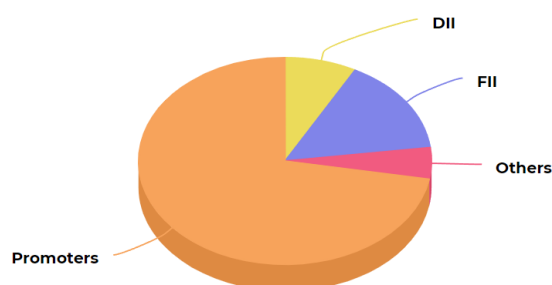


# Tata Consultancy Services Ltd.

## General Overview

Tata Consultancy Services Limited (TCS) is a subsidiary of the Tata Group, an Indian information technology consulting and business solutions company which operates in 46 countries worldwide. Talking about fundamentals, this company has great ratios and performance. TCS became the first Indian IT company to reach \$100 billion market capitalization with a value of \$102.6 billion in Bombay Stock Exchange and a second Indian company ever after the Reliance industries that achieved the same in 2007. TCS is one of the greatest employers in the world. Today it has more than 4.5 lakhs employees. ROE and EPS show good results. Also, the company has made constant decent profits even in the time of the pandemic. And due to the pandemic, technological advancement has sped up, and due to which we can expect the company to grow at a much higher rate.

## Shareholding pattern



*Showing Shareholding as on 31 Dec 2021*

| CATEGORY              | NO. OF SHARES  | PERCENTAGE |
|-----------------------|----------------|------------|
| <div></div> Promoters | 2,67,02,04,298 | 72.19 %    |
| <div></div> Pledge    | 1,26,33,090    | 0.47 %     |
| <div></div> FII       | 55,40,61,955   | 14.98 %    |
| <div></div> DII       | 29,33,37,158   | 7.93 %     |
| <div></div> MF        | 12,29,19,485   | 3.32 %     |
| <div></div> Others    | 18,14,47,962   | 4.90 %     |

Observing the shareholding pattern of TCS we can see that about 72% of the shares are held by the promoters. Now, this is a very good sign because more the promoters are having a stake in the company it shows the trust and confidence of promoters in the company. Also, we can see that nearly 15% of the shares are owned by FII (Foreign institutional investors) shows that the company has good future prospects. Also, we can see that the pledge percentage among promoters is very less which is also a good sign.

## **Management**

| <b>Name</b>                        | <b>Designation</b>             |
|------------------------------------|--------------------------------|
| Aarthi Subramanian                 | Director                       |
| Debashis Ghosh                     | Business Head                  |
| Don Callahan                       | Independent Director           |
| Hanne Birgitte Breinbjerg Sorensen | Independent Director           |
| K Ananth Krishnan                  | Chief Technology Officer       |
| K Krithivasan                      | Business Head                  |
| Kamal Bhadada                      | Business Head                  |
| Keki M Mistry                      | Independent Director           |
| Krishnan Ramanujam                 | Business Head                  |
| Milind Lakkad                      | Chief Human Resource Officer   |
| N Chandrasekaran                   | Chairman                       |
| N G Subramaniam                    | Exe.Director & COO             |
| O P Bhatt                          | Independent Director           |
| Pradeep Kumar Khosla               | Independent Director           |
| R Rajashree                        | Chief Marketing Officer        |
| Rajendra Moholkar                  | Co. Secretary & Compl. Officer |
| Rajesh Gopinathan                  | Managing Director & CEO        |
| Samir Seksaria                     | Chief Financial Officer        |
| Shankar Narayanan                  | Business Head                  |
| Suresh Muthuswami                  | Business Head                  |
| Susheel Vasudevan                  | Business Head                  |

The Management of TCS has very experienced and talented members in its team. We can see that the company is very well professionally operated. The members are very loyal and the management is very stable. Mr. N Chandrasekaran, Chairman of the Board of TATA Sons has been in TCS for the last 30 years. All the members have vast experience of heading various projects and companies. Some members like OP Bhatt who served as Chairman of State Bank Group which includes SBI which is India's largest commercial bank show that the management of TCS is well equipped with very talented and experienced members from various domains.

## **SWOT Analysis**

### **Strength**

- Reputed Brand Image in the market - TCS has undoubtedly created a great brand reputation in the market. The company always tries to satisfy its customers. And hence the company has great trust associated with its name.
- Great Customer Base - TCS serves clients in various domains including banking, retail, telecommunications, and media. Due to this diversification, the company has reduced its dependency over any particular sector/industry.
- Extensive Global Presence and Reach - TCS has its presence over various geographies including North America, UK, Africa, parts of Europe, and Asia-Pacific. This Global presence sends out a great image of the position and status of the company.
- Excellent Returns on Capital Invested - TCS has been able to successfully start and continue new ventures and projects profitably from time to time.

### **Weakness**

- Performance of Diligenta - Diligenta, a TCS subsidiary has been consistently performing poorly. Also, there is no future scope of improvement in the company and hence it affects TCS revenue and reputation.
- Legal Troubles - TCS has been involved in a legal battle with the Epic system on the grounds of leak of private information. These type of incidents tarnish the image of the company and is not good for the organization.

## Opportunities

- Transformation of the Digital Universe - The world is moving fast in terms of digital advancements. TCS should use the opportunity to spend more on technology for digital transformation.
- Mobility Solutions - Enterprise mobility solutions are expected to be driven by business applications with a growing mobile worker population. The demand for mobility solutions is projected to increase by 24.7 percent in a CAGR until 2022. TCS is ready to benefit from its growing focus on the development of enterprise mobility solutions.
- Cloud-based solutions - In the last decade Internet facilities have improved and changed drastically. Now, the world is progressing toward cloud solutions. TCS has a strong cloud-based infrastructure, and is, therefore, ready to take advantage of the incoming cloud era.
- Solutions from machine to machine (M2M) - M2M solutions enable both wireless and wired communications systems. TCS has a complete range of M2M services that enable the demand for M2M solutions to be taken advantage of.

## Threats

- Competition - The sector in which TCS operates has great competition. TCS faces competition from giants like Wipro, Infosys, Accenture, Deloitte, etc. Therefore the customers and deals in the market are getting shared and divided.
- Limitation due to immigration - With stricter immigration laws, increased H-1B visa fees and changing political circumstances in the US, Indian IT companies are expected to suffer from it as it will increase its costs and impact profitability and hence this is a threat to the industry.

## Competitive Analysis

Some of the biggest competitors for TCS are Infosys, Wipro and HCL Technologies.

Infosys which has nearly half of the market cap of TCS is a great competitor in the technology space, because the profits according to the size of the company are very good. The company has been increasing its profits significantly. During the last year Infosys gave near about 44% returns which is nearly double to what TCS gave. But still the scale at which operates and the profit is generated is far more than Infosys. Coming to next HCL and Wipro, both having market capitalization nearly about  $\frac{1}{4}$  of TCS. Both Wipro and HCL have a good and satisfactory level of

promoters share in the market. And both of them are doing quite well and are serious threats to TCS in this sector. Wipro gave near about 45 % return to its investors and HCL gave nearly 33% returns, which is significantly more than the returns given by TCS which was 22%.

The profits of Infosys , Wipro and HCL have been rising consistently and they have been able to capture good chunk of market and hence can be a greater potential threat in the incoming future. But in current situation TCS is positioned well enough with a much greater market capitalization, profit and turnover.

## **Conclusion**

In conclusion I would like to say that TCS is a great company to invest in. There are multiple reasons for supporting the statement. The company enjoys being the leader in the Technology sector. The company stands at front in terms of market capitalization and profits in its sector. Also the brand image , trust and reputation of TATA is undoubtedly very good. All the ratio and fundamentals incline towards a strong buy sentiment. The only suggestion is that the company should be careful of its competitors and should try to retain its customers. Also the company should also be future ready to adopt to the newer technologies.